

# **FISCAL MEMORANDUM**

## **HB 4144 – SB 4181**

April 15, 2008

**SUMMARY OF AMENDMENT (016601):** Creates the *Long Term Care Community Choices Act of 2008* which revises the current long-term care system by creating a single point of entry, establishing a budget allowance for home- and community-based services (HCBS), establishing a one-time \$2,000 transition cost allowance, developing a level of care criteria for nursing facility admissions, establishing an acuity-based reimbursement methodology for nursing facility services, developing consumer-directed options for persons receiving HCBS. Requires the Commissioner of Finance and Administration to designate in each year's appropriations bill an amount of money to be used to increase access to HCBS in the Options program. Redefines "assisted-care living facility" and "assisted-care living facility resident." Removes oversight of TennCare long term care from the Select Committee on TennCare and grants the eight member committee created to study the development and implementation of a long-term services plan without oversight authority.

FISCAL IMPACT OF ORIGINAL BILL:

MINIMAL

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Expenditures – Net Impact - \$4,000,000**

**\$2,810/Each One Day Meeting**

**(Funding of \$4,000,000 is included in the Governors FY08-09 Recommended Budget)**

Assumptions applied to amendment:

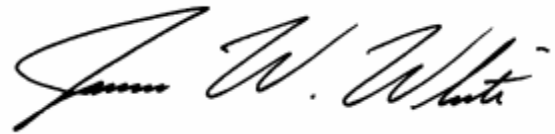
- According to the Bureau of TennCare, the average cost for HCBS is \$12,000 per year and the average cost for nursing facility care is \$48,000 per year.
- It is estimated that any reduction in expenditures due to the reduced cost of services will be offset by an increase in expenditures as a result of more individuals receiving services. The net impact of shifting to HCBS from nursing facility services will be not significant.

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- The one-time \$2,000 transition allowance will reduce the amount available for additional individuals to receive services. The net impact will not be significant.
- The Bureau of TennCare will not incur a significant increase in expenditures for administrative or program changes.
- There will not be a significant net impact in expenditures to shift to an acuity-based reimbursement methodology.
- According to the Bureau of TennCare, \$4,000,000 of the \$10,127,900 HCBS improvement included in the Governor's Recommended FY08-09 Budget is to increase the number of enrollees in the Options program which is 100 percent state funded.
- The study committee created by HJR 562 of the 105<sup>th</sup> General Assembly ceased to exist on January 31, 2008. The estimated cost to continue the eight member committee is estimated at \$2,810 per meeting (\$161 per diem plus \$120 mileage).

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kml